

Technical Advisory Committee

Minutes

1. CALL TO ORDER

The meeting of the WRCOG Technical Advisory Committee was called to order by Vice-Chair Rod Butler at 9:30 a.m. on March 16, 2023, at

2. PLEDGE OF ALLEGIANCE

Vice-Chair Butler led members and guests in the Pledge of Allegiance.

3. ROLL CALL

- City of Banning - Doug Shulze
- City of Calimesa - Will Kolbow
- City of Corona - Jacob Ellis
- City of Hemet - Mark Prestwich
- City of Jurupa Valley - Rod Butler (Vice-Chair)
- City of Menifee - Rochelle Clayton*
- City of Moreno Valley - Michael Lloyd
- City of Perris - Clara Miramontes
- City of Temecula - Betsy Lowrey
- WMWD - Craig Miller
- March JPA - Grace Martin

*Arrived after Roll Call

4. PUBLIC COMMENTS

There were no public comments.

5. CONSENT CALENDAR – Due to a lack of quorum, approval of item 5.A was moved to the next meeting.

A. Summary Minutes from the February 16, 2023, Technical Advisory Committee Meeting

Action:

1. Approved the Summary Minutes from the February 16, 2023, Technical Advisory Committee meeting.

B. Finance Department Activities Update

Action:

1. Received and filed.

6. REPORTS / DISCUSSION

A. Environmental Department Activities Update - Regional Food Rescue and Technical Assistance RFP

Casey Dailey, WRCOG Director of Energy & Environmental Programs, gave a presentation regarding food rescue programs pursuant to SB 1383 to reduce organic waste disposal. Since 2017, staff has been researching programs to support WRCOG member cities with SB 1383 compliance. In January 2023, the WRCOG Solid Waste Committee reviewed proposals to manage and implement this type of program, and selected consultant MSW based on their subregional experience working with member jurisdictions, and a unified and cohesive marketing plan. The Scope of the plan includes inspections of Food Recovery Organizations (FROs) and Tier 1 and Tier 2 Edible Food Generators (EFGs). MSW will also develop a regional food rescue program to connect EFGs and FROs via an application that will allow EFGs to notify FROs when they have available food, and FROs in turn can schedule a pickup. The online application will be accessible to all participating member jurisdictions and associated FROs and EFGs in the subregion. Program costs are eligible under the CalRecycle SB 1383 Local Assistance Grant Program.

Vice-Chair Rod Butler asked about the timeline for the program.

Mr. Dailey says ideally commitments from member jurisdictions should be determined at the beginning of Fiscal Year 2023/2024. This is a three-year term program. There is no firm deadline, but MSW would like to start as soon as possible.

Committee member Michael Lloyd asked if the intent is to initiate the program starting on July 1, 2023, and, if there are differing levels of commitments, would that change the cost structure?

Mr. Dailey said that if they are able to get commitments within the next month or so, then it would be feasible to begin on July 1. There would be a minimum participation requirement of four or five cities in order for the program to be effective and maintain the same price per city.

Committee member Betsey Lowrey asked if there are any commitments from any of the cities.

Mr. Dailey responded that there has been a lot of interest expressed, and offered to have a follow-up conversation to talk specifics with each city.

Committee member Clara Miramontes asked if the cost per city would only cover the project to rollout the program.

Mr. Dailey explained that it is a three-year timeline - year one would be slightly higher than years two and three because there would be more expenses to implement the program.

Action:

1. Received and filed.

B. Update on REAP 1.0 and 2.0 Funding Opportunities

Suzanne Peterson, WRCOG Analyst III, reported that various programs were implemented with REAP 1.0 funds allocated from SCAG. The Affordable Housing Pipeline established under REAP 1.0 is an inventory of affordable housing projects at various stages and can be used as a resource tool to help member agencies be more competitive when applying for grants.

WRCOG is set to receive \$1.6M in REAP 2.0 funding. Proposed projects include continued direct local assistance and pro-housing designation applications.

Staff will continue to work on REAP 1.0 projects, submit the REAP 2.0 application once it becomes available, and return with an update when the MOU for REAP 2.0 is ready to be executed.

Committee member Will Kolbow asked about the requirements for the pro-housing designation.

Ms. Peterson indicated that the California Department of Housing and Community Development (HCD) wants to see cities going above and beyond the basic requirements.

Vice-Chair Butler asked if simply having an approved housing element alone would qualify.

Ms. Peterson responded that no it would not, and in order to be competitive, cities would have to go the extra mile to be able to receive funding.

Committee member Lowrey asked if there are any cities that are currently designated.

Ms. Peterson indicated that the only designated city in the Inland Empire is Fontana, which gives hope for other cities. The City of Riverside is close, and will likely receive the designation upon review by HCD.

Committee member Doug Schulze stated that the City of Banning has had approximately 10,000 housing units on hold by the California Department of Fish and Wildlife (CFW) for close to three years, trying to get through the permit process. CFW has required developers to mitigate over 1,000 acres of land. Having a state agency that is counterproductive to the Governor's policy direction, costing millions of dollars in mitigation, it seems that affordable housing is not an option. Developers were initially looking at price points around \$300k, but with the CFW requirements and mitigation, pricing is now above \$400k. Projects like this are great, but it is hard to commit when affordable housing cannot be developed. The City of Banning wrote a letter to the Governor's office and received a letter back stating that they received it, but it will take more than just the City of Banning to make a change.

Committee member Craig Miller asked what the penalty is when cities do not meet the housing requirements.

Vice-Chair Butler responded that the State can sue cities, as with Huntington Beach. There is also a process of HCD review, which can be costly and time-consuming.

Action:

1. Received and filed.

C. WRCOG Financial Sustainability Modeling and Fiscal Year 2023/2024 Budget Introduction

Jessica Oliphant and Andy Belknap from Baker Tilly, gave a presentation on a model of WRCOG's financial sustainability. Mr. Belknap said that it is difficult to make multi-year financial projections for WRCOG because of the variability of certain program revenues, and expressed a concern with inflation-based fee erosion. Many WRCOG fees are not indexed for inflation, so revenue tends to erode with inflation.

Baker Tilly modeled six funds: the General Fund, TUMF, LTF, Clean Cities Fund, Used Oil Fund, and the REN Fund for Fiscal Year (FY) 2022/2023. The General Fund is composed of disparate elements which are difficult to project. Ms. Oliphant was conservative with revenue projections, especially with grants because there is uncertainty of whether WRCOG will receive them.

There are two models: one assuming no recession in the next 10 years, and the other with a recession occurring in 2027. The baseline forecast for the General Fund expenses would outpace revenues by 2026, which would require budgeting strategies to break even. The model indicated consistent growth for the TUMF and LTF Fund over the next 10 years and showed potential deficiencies for the General Fund and Used Oil Program within the 10-year period modeled.

Overall, WRCOG is financially healthy and will remain so in the short term. Mr. Belknap indicated that the forecasts were perhaps too conservative because it did not take into account the grant funding. Staff will continue to work with Baker Tilly to refine the model and apply it to the FY 2023/2024 budget, and will help develop strategies to address budget shortfalls identified by the models.

Committee member Grace Martin asked how Baker Tilly came up with the numbers for the projections.

Ms. Oliphant responded that Baker Tilly used FY 2022/2023 as the basis for the initial projections, so the model starts with the same service level that is currently operating at WRCOG.

Committee member Martin asked if WRCOG has plans to identify and modify expenditures.

Ms. Oliphant indicated that it is, and she is working to identify ways to maintain fiscal sustainability and building resiliency against future recessions as part of the project.

Mr. Belknap indicated that one of the things that is being refined is the projection of grant revenue, which is difficult to do given the nature of grant revenues.

Dr. Kurt Wilson, WRCOG Executive Director, indicated that COVID did not really affect WRCOG as it did the cities in terms of budget. The changes in the programs are what drive the changes in the budget. With respect to the grant revenues versus growing expenditures, grant revenues are not all static programs. Many of the programs end and/or are replaced by other programs, so while WRCOG does not anticipate growth, staff does anticipate changing over of many of the grant programs, which will offset the growing expenditures.

Dr. Wilson also noted that the nature of WRCOG's revenues is not tax-based, so the forecasting timeline and process is slightly different than most public agencies, and provided a timeline for the approval of the final budget, which will be voted on in the General Assembly. There is a series of things that will happen along the way, so if there are any particular items of concern, members can reach out to staff as they

work through the process. Staff are working to finalize the budget processed in the May Executive Committee meeting.

Andrew Ruiz, WRCOG Chief Financial Officer, added that there were some budget changes for FY 2023/2024. Specifically, 96% of TUMF revenues will no longer be called "revenues" due to GASB 84, as they are seen as a fiduciary activity. Only 4% of revenues from TUMF administrative fees will be seen as revenue.

The Administration Department will be broken out into administrative services, fiscal, and executive, where the three were previously lumped together.

Finally, a new accounting software will be budgeted for in the next fiscal year to bring WRCOG up to date on the latest automated processes.

Committee member Doug Schulze indicated that the 4% cost for TUMF seems low.

Dr. Wilson responded that Measure A had a link to the TUMF Program, but the initiating documents for TUMF spell out the 4%. Because the development within all of the member agencies has continued to be strong, WRCOG has been able to cover administrative expenses with that 4%.

Action:

1. Received and filed

D. 2023 General Assembly Activities Update

Julian Brambila, WRCOG Analyst I, reported that registration this year will be completed entirely online via WRCOG's website. This will create a faster check-in process on the day of the event, and it will be much easier to make changes.

Each member agency is entitled to 10 complimentary tickets, two of which will have access to the VIP reception. Executive Committee members will also receive a complimentary hotel room for the night of Thursday, June 29, 2023, only if they plan to attend the Friday's Executive Committee meeting.

A detailed email will be sent out to all TAC and Executive Committee members with more information. Members will follow the link to create an account using their unique registration code, and fill out all attendee information. Attendee information will be printed on the badges, so members should make sure that the spelling is correct. A valid cell phone number should be provided, which will be used to look up the registration on the day of the event. Agencies should assign one staff member to register all attendees, who will serve as a point of contact and keep track of the registrations for their agency.

When going through the registration, be sure to specify which two individuals will have the VIP pass.

Action:

1. Received and filed.

7. REPORT FROM THE EXECUTIVE DIRECTOR

Dr. Kurt Wilson was not present to provide an update.

8. ITEMS FOR FUTURE AGENDAS

There were no items for future agendas.

9. GENERAL ANNOUNCEMENTS

Committee member Craig Miller provided an update on the Solve the Water Crisis effort. Not a lot of agencies in northern California are supporting this effort. 70 business entities, mostly water agencies, have taken a support position. The California Municipal Utilities Association is sponsoring legislation (SB 366) to develop another 15M acre-feet of water supply to distribute across the state. This is a planning legislation to force the State to have a long-term plan. Committee Member Miller is happy to talk with members offline about supporting that activity.

10. NEXT MEETING

The next Technical Advisory Committee meeting is scheduled for Thursday, April 20, 2023, at 9:30 a.m., in WRCOG's office located at 3390 University Avenue, Suite 200, Riverside.

11. ADJOURNMENT

The meeting of the Technical Advisory Committee adjourned at 10:46 a.m.